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ORIGINAL

BRIAN C. McNEIL
EXECUTIVE SECRETARY

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ARIZONA CORPORATION COMMISSION

2002 MAR -5 P 12:09

DATE: March 5, 2002

DOCKET NOS: W-01445A-01-0688

TO ALL PARTIES:

AZ CORP COMMISSION
DOCUMENT CONTROL

Enclosed please find the recommendation of Administrative Law Judge Philip J. Dion III. The recommendation has been filed in the form of an Opinion and Order on:

ARIZONA WATER COMPANY
(CC&N EXTENSION)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

MARCH 14, 2002

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

MARCH 19 AND 20, 2002

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

Arizona Corporation Commission
DOCKETED

MAR 05 2002

DOCKETED BY	<i>mc</i>
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[Signature]
BRIAN C. McNEIL
EXECUTIVE SECRETARY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
CHAIRMAN

3 JIM IRVIN
COMMISSIONER

4 MARC SPITZER
COMMISSIONER

5
6 IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY TO EXTEND ITS
7 CERTIFICATE OF CONVENIENCE AND
NECESSITY IN PINAL COUNTY, ARIZONA.

DOCKET NO. W-01445A-01-0688

DECISION NO. _____

8 **OPINION AND ORDER**

9 DATE OF HEARING: January 15, 2002

10 PLACE OF HEARING: Phoenix, Arizona

11 ADMINISTRATIVE LAW JUDGE: Philip J. Dion III

12 APPEARANCES: Mr. Robert W. Geake, on behalf of Arizona Water
13 Company; and

14 Mr. Timothy J. Sabo, Staff Attorney, Legal Division, on
15 behalf of the Utilities Division of the Arizona
Corporation Commission.

16 **BY THE COMMISSION:**

17 On August 31, 2001, Arizona Water Company ("AWC" or "Applicant") filed with the
18 Arizona Corporation Commission ("Commission") an application for approval to extend its
19 Certificate of Convenience and Necessity ("Certificate") to provide water service to an additional
20 area in Pinal County, Arizona.

21 Having considered the entire record herein and being fully advised in the premises, the
22 Commission finds, concludes and orders that:

23 **FINDINGS OF FACT**

24 1. AWC is an Arizona corporation that provides water utility service to portions of Gila,
25 Navajo, Cochise, Maricopa, Pima, Yavapai, Coconino and Pinal counties in Arizona. AWC was
26 granted its Certificate in Decision No. 28794 (March 1955).

27 2. On August 31, 2001, AWC filed an application for an extension of its existing
28 Certificate to provide water service to approximately 600 acres of property, which is more accurately

1 described in Exhibit A, attached hereto and included herein by reference. The area includes
2 approximately two one-half sections of land near the area of Apache Junction along State Highway
3 60. The two one-half sections of land are identified in Exhibit A as Section 33 and Section 1.

4 3. On November 29, 2001, a Procedural Order was issued setting the matter for hearing
5 on January 15, 2002.

6 4. On January 2, 2002, AWC filed an Affidavit of Mailing indicating that all property
7 owners in the proposed extension area were notified of the application and hearing date.

8 5. No intervention requests or objections to the application were filed.

9 6. On November 21, 2001, Staff filed its Staff Report in this matter recommending
10 approval of the application subject to the condition that AWC charge its existing rates and charges in
11 the proposed extension area.

12 7. A hearing was held on January 15, 2002, pursuant to the Procedural Order dated
13 November 29, 2001. Michael Whitehead testified on behalf of AWC and Jim Fisher testified on
14 behalf of Staff. AWC agreed to abide by the recommendations in the Staff Report.

15 8. AWC maintains a water distribution system and is serving customers in the areas
16 neighboring both Section 33 and Section 1. Additionally, in Section 1, AWC has a 20-inch diameter
17 water line that runs along State Highway 60.

18 9. On February 27, 2001, property owners in Section 33 contacted AWC and requested
19 water service. AWC indicates that there are approximately 83 residents currently living in Section 33
20 and that there is only a potential for perhaps another 13 to 15 customers in the future.

21 10. The 20-inch water line in Section 1 divides the section into two triangles. The trianle
22 AWC is seeking to include in its CC&N is bordered on two sides by AWC's existing service territory
23 and by its pipeline on the third side. AWC indicated that development is anticipated in that portion of
24 Section 1.

25 11. There are no other public service corporations or municipality owned water systems
26 authorized to provide or providing service in Section 33 or Section 1.

27 12. The only other water company serving customers near Section 1 is the Apache
28 Junction Water Company, formally known as the Water Utilities Community Facilities District,

1 which obtained the former Consolidated Water Utilities' CC&N in a bankruptcy proceeding. At the
2 hearing, AWC presented a copy of a July 23, 1997 letter from Apache Junction Water Company.
3 The letter states that, in regards to Section 1, AWC would be a "logical water provider." AWC
4 maintains that Apache Junction Water Company's position from the time of that letter has remained
5 unchanged.

6 13. AWC has adequate production and storage facilities to serve its existing customers
7 and the anticipated additional customers in the extension area, and is financially capable of
8 constructing, operating and maintaining any additional facilities necessary to provide service to the
9 extension area.

10 14. AWC holds a Pinal County franchise.

11 15. AWC is current on its property and sales taxes.

12 16. AWC is current on all of its filings with the Commission.

13 17. AWC is in compliance with ADEQ and is delivering water that does not exceed any
14 maximum contaminant levels. In addition, according to ADEQ, AWC currently delivers water that
15 meets the water quality standards of the Safe Drinking Water Act.

16 18. Staff testified that approval of the application would serve the public interest.

17 **CONCLUSIONS OF LAW**

18 1. AWC is a public service corporation within the meaning of Article XV of the Arizona
19 Constitution and A.R.S. § 40-281 *et seq.*

20 2. The Commission has jurisdiction over AWC and the subject matter of the application.

21 3. Notice of the application was provided in accordance with law.

22 4. There is a public need and necessity for water utility services in the proposed
23 extension area.

24 5. AWC is a fit and property entity to receive an extension of its water Certificate which
25 encompasses the area more fully described in Exhibit A attached hereto.

26 6. Staff's recommendation in Findings of Fact No. 6 is reasonable and should be
27 adopted.

28

ORDER

IT IS THEREFORE ORDERED that the application of Arizona Water Company for an extension of its Certificate of Convenience and Necessity to include the area described in Exhibit A attached hereto and incorporated herein by reference be, and is hereby granted.

IT IS FURTHER ORDERED that Arizona Water Company shall charge its existing rates and charges in the extension area until further Order of the Commission.

IT IS FURTHER ORDERED that in the event Arizona Water Company fails to meet the above conditions within the time specified, then such area for which it has applied for an extension of its Certificate of Convenience and Necessity shall be deemed to be denied, without further Order of the Arizona Corporation Commission.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2002.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT
PJD:dap

1 SERVICE LIST FOR:

ARIZONA WATER COMPANY

2 DOCKET NO.:

W-01445A-01-0688

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